

## Message Text

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44

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 L-02 TRSE-00 AGR-05 AID-05 SSO-00

NSCE-00 SS-15 NSC-05 CIAE-00 INR-07 NSAE-00 INRE-00

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O 261542Z MAR 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 4034

C O N F I D E N T I A L WARSAW 1786

E.O. 11652: GDS

TAGS: EFIN, PL

SUBJECT: POLISH ATTITUDE TOWARD EXCHANGE RATE FOR ANNUITANTS

REF: (A) STATE 066330; (B) WARSAW 1061

1. RECENT DEVELOPMENTS MAY INDICATE A MORE FLEXIBLE POLISH ATTITUDE TOWARD THE EXCHANGE RATE THEY WOULD BE WILLING TO MAKE AVAILABLE TO ANNUITANTS.

2. WE HAVE LEARNED FROM THE CANADIAN EMBASSY THAT ANNUITANTS FROM CANADA HAD BEEN RECEIVING THE SAME EXCHANGE RATE AS US ANNUITANTS UNTIL JANUARY 1, 1975, ALTHOUGH THE CANADIAN GOVERNMENT MADE NO CONTRIBUTION TO SUSTAIN THAT RATE. UNDER A NEW POLISH POLICY, ANNUITANTS WHO ARRIVED FROM CANADA BEFORE JANUARY 1 CONTINUE TO EXCHANGE THEIR GOVERNMENT PENSIONS AT THE RATE OF 60 ZLOTY PER US DOLLAR, BUT THOSE WHO REACH POLAND AFTER THAT DATE ARE RECEIVING 330 ZLOTY PER DOLLAR. THE MORE FAVORABLE RATE WAS INSTITUTED AND IS BEING CONTINUED ENTIRELY AT POLAND'S DISCRETION. THE CANADIANS HAVE NO IDEA HOW LONG IT WILL REMAIN IN EFFECT.

3. DURING CARROLL BROWN'S CALL ON VICE MINISTER OF FINANCE KRZAK MARCH 4, THE LATTER DWELT AT SOME LENGTH ON HIS CONCERN THAT ANNUITANTS WHO HAD COME TO POLAND

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WITH THE EXPECTATION THAT CERTAIN CONDITIONS WOULD BE

MAINTAINED BE GIVEN SOME PREFERENCE OVER THOSE WHO, AFTER BEING ADVISED OF THE EXCHANGE-RATE CHANGES, COULD FREELY DECIDE WHETHER THEY WISHED TO RESIDE HERE UNDER THE NEW CONDITIONS. KRZAK SUGGESTED WE GIVE FURTHER CONSIDERATION TO THE POLISH PROPOSAL THAT THE CURRENT RATE CONTINUE IN EFFECT FOR ANNUITANTS ALREADY RESIDING IN POLAND, AND THA, FOLLOWING A SUITABLE NOTIFICATION PERIOD, NEW ARRIVALS WOULD EXCHANGE THEIR ANNUITY CHECKS AT EH PRESENT PKO RATE OF 33:1. KRZAK DID NOT SAY WHO WOULD FUND THE HIGHER RATE NOR HOW LONG HE THOUGHT IT OUTGHT TO CONTINUE. THE DEPARTMENT MAY WISH TO CONSIDER WHETHER SOME VARIATION OF THE KRZAK PROPOSAL, E.G. WITH ALL OR THE MAJOR PART OF THE 60:1 RATE FOR ANNUI-TANTS CURRENTLY IN POLAND BEING FINANCED BY THE POLES. AND PERHAPS INCLUDING A THREE-YEAR PHASE-DOWN PERIOD, MIGHT MEET OUR REQUIREMENTS. OUR ANALYSIS OF THE POLISH HANDLING OF THE ENTIRE RANGE OF THEIR MULTIPLE EXCHNAGE-RATE SYSTEM SHOWS THEY ARE BECOMING INCREASINGLY PRAGAMTIC ON THIS SUBJECT (SEE REFTTEL B).

DAVIES

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NNN

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